

FAQ's for the 2006 Police Pension Scheme

Q What are the main features of the 2006 scheme?

- It is a “final salary” scheme, which means that your pension is calculated as a proportion of your “final pensionable pay” which is generally earnings in your last year of service as a member of the scheme.
- The pension that you will receive depends on your pensionable service, which for most officers will be the length of service in the police force for which they have paid pension contributions. Approved part-time working is counted as pensionable service on a pro-rata basis.
- The maximum pension that you can receive is half final pensionable pay, and is payable when you have the maximum possible pensionable service of 35 years.
- A tax free lump sum of four times’ pension will be paid to you in addition to your pension.
- Your pension is subject to tax, but it will not be reduced when you start to receive any State Pension to which you may be entitled.
- Your pension is increased in April each year in relation to increases in consumer prices
- As well as paying a pension to you, the scheme will also pay benefits to certain other people if you die (whether you die in service or after you have retired); pensions for surviving spouses and partners are payable for life.
- It is possible for a pension to be paid to a partner who is neither a spouse nor a civil partner, but only if specific conditions are met.
- The earliest age at which you can normally retire is 55. You must retire before your compulsory retirement age unless a special arrangement has been agreed by your police and crime commissioner.
- It is possible to retire early on the grounds of ill-health if specific conditions are satisfied.
- The normal contribution rate is 10.1% of pensionable pay. Contributions will increase from April 2013 in line with the table published below.
The percentage of contribution is gradually increasing as shown in the table below;

TIER & SCHEME	INCREASE FROM 1/4/2013	TOTAL CONTRIBUTION RATE FROM 1/4/2013
Tier 1 2006 scheme	0.6%	10.7%
Tier 2 2006 scheme	1.0%	11.5%
Tier 3 2006 scheme	1.25%	12.0%

Tier 1 is those on a basic annual salary of £27,000 or less.

Tier 2 is those on a basic annual salary of more than £27,000 but less than £60,000

Tier 3 is those on a basic annual salary of £60,000 and over

Full details can be found at:

<http://www.homeoffice.gov.uk/about-us/corporate-publications-strategy/home-office-circulars/circulars-2013/005-2013/>

- You can opt out of the scheme and opt back in again, but if you opt out a second time you cannot re-join.

Q. Will my pensionable service build up more quickly after I have 20 years' service?

A. No – this is a major difference from the 1987 scheme. Pensionable service will increase at exactly the same rate throughout your police career irrespective of how much has been built up so far.

Q. If I am a serving officer in the 2006 scheme and have 35 years' pensionable service but do not want to retire immediately, what happens?

A. You can remain in the scheme until 55 or any later age at which you retire and continue to pay pension contributions at the normal rate. This will give your family continued cover for the lump sum death grant, enable you to increase your pension in line with increases in your final salary and give you a continued right to retire at any time after age 55 with an immediate pension.

Alternatively, you can opt out of the scheme, in which case you would cease to pay contributions, but there would be a number of implications which you would need to consider carefully. You would no longer be eligible for the lump sum death grant, for example, and payment of your pension would be deferred to age 65.

Q. If I leave the police service with an entitlement to a deferred pension, do I have to wait until I am 65 to receive it?

You do if you want to receive the full amount. The new scheme does allow a deferred pension to be paid from age 55 with “actuarial reduction” (to compensate for the fact that it will be paid earlier and for a longer period) but the reduction could be very considerable. The earlier the pension is paid, the greater the reduction. Your police and crime commissioner will be able to give you an indication of the likely level of reduction.

Q. How will the two-tier ill-health retirement system work?

A. It is based on two levels of disability:

- permanent inability to perform the ordinary duties of a member of the force (which can lead to a standard ill-health pension)
- permanent inability to undertake any regular employment (which can lead to a standard ill-health pension plus an enhanced top-up ill-health pension).

The level of disability will be determined following a medical examination.

Even if you are determined to be permanently disabled it does not automatically mean that you will be retired on the grounds of ill-health. Your police and crime commissioner will consider your overall capabilities to see whether there are alternative duties that you could undertake whilst remaining a police officer.

Ill-health pensions are payable immediately, based on your pensionable service for standard ill-health retirement, and on enhanced service for enhanced ill-health retirement. The effect of enhancement is to count up to half of the service that you would have been able to undertake between the date of ill-health retirement and your 55th birthday.

Q. What pensions will my survivors receive if I die?

A. There are three categories of adult survivors who can receive pension benefits after the death of a member:

spouses, civil partners and in certain cases unmarried partners who are not in a civil partnership.

Any adult survivor to whom a pension is payable will receive a pension of half of your pension entitlement if you die while in receipt of a pension, or after leaving service without a transfer value having been paid, or if you have opted out of the scheme. If you die in service, then unless you have opted out the adult survivor pension is half what you would have had if you had been retired on ill health grounds with an enhanced top-up ill-health pension.

The pension will be reduced if your spouse or partner is more than twelve years younger than you. The pension may be withheld if you married or formed a civil partnership within six months prior to your death.

A surviving child may be eligible for a pension of a quarter of your pension entitlement, usually payable only up to the age of 18 unless he/she is in full-time education. If you leave one or two eligible children, each will receive half of what an adult survivor would receive in the circumstances. If there are more than two eligible children then the amount for each will be a pension of half the entitlement that an adult survivor would have divided by the number of children. If the child receives income from training or employment then his/her pension will be reduced. All children's pensions cease on the child's 23rd birthday unless the child is disabled.

Q. I live with my partner but we are not married or in a civil partnership. Will he/she automatically receive a pension from the new scheme if I die?

A. No, this will not be automatic. You and your partner must have completed an appropriate declaration form and sent it to your police and crime commissioner. Your partner will also have to complete a claim form following your death and may be asked to provide supporting information to confirm the declarations which you both made. The declaration must confirm that you are cohabiting, that your relationship is exclusive and long-term, that your partner is financially dependent on you (or you are financially interdependent) and that neither of you is married to nor is a partner of anyone else. A pension will only normally be paid to a partner if you have been cohabiting for at least two years, but the police and crime commissioner may exercise discretion to pay a pension to a partner in a shorter relationship. You do not have to wait for two years before you complete the declaration form – you are encouraged to complete one as soon as you believe that you are in a long-term committed relationship. It is your responsibility to keep this up-to-date if your circumstances change.

Q. If I die in service, is there a lump sum payable?

A. Yes, if you have not opted out of the scheme there is a lump sum death grant of three times your pay, and you are able to nominate a person that you would wish to receive it. If you do not nominate anyone, and you have no spouse, civil partner or other partner, the grant will be paid to your estate.

Q. Can I opt out of the scheme at any time?

A. You will be automatically admitted to the new pension scheme when you join the force but you can opt out at any time. If you do this within three months of joining the force your decision will be backdated to your date of appointment and any pension contributions that you have paid will be refunded to you. If you do opt out, you may re-join the scheme but if you opt out a second time you will not be able to re-join again.

If you do opt out, it is entirely up to you whether you make alternative pension arrangements or do nothing. (This may change in the future if the Government alters the law to compel pension saving).

You are recommended to take independent financial advice before making any decisions and you are reminded that your police and crime commissioner is unable to give financial advice – they can provide information about pension matters but cannot advise you as to what you should do.

Q. If I join the scheme, build up a number of years of pensionable service, opt out of the scheme or subsequently leave the police service, what happens to my pension?

If you have at least two years' qualifying service, you will be entitled to a "deferred pension", which means that you will receive a police pension when you are 65 based on your pensionable service in the police.

You may be able to transfer your police pension rights into another pension scheme, if you join another scheme.

Q. If I join the scheme, build up a number of years of pensionable service, opt out of the scheme and become disabled whilst I am still serving and have to retire, what happens to my pension?

A. If you cannot perform the ordinary duties of a member of the force you will not be entitled to a standard ill-health pension. If you become incapable of any regular employment, you will be entitled to immediate payment of a deferred pension but this will only be based on your actual pensionable service with no enhancement.

Q. If I join the scheme, build up a number of years of pensionable service, opt out of the scheme and die in service, what happens to any pension payable to my survivors?

A. There will be no lump sum death grant payable to your survivors. An adult survivor (a spouse or partner) will be entitled to a pension based on the deferred police pension that you would have received at 65.